

ARTICLE APPEARED
ON PAGE A-1

NEW YORK TIMES
23 JULY 1980

BRZEZINSKI SOUGHT BILLY CARTER'S HELP ON HOSTAGE PARLEY

BOTH MET A LIBYAN DIPLOMAT

President Criticizes Brother's Ties
and Recounts Advice to Him
to Make Full Disclosure

By STEVEN R. WEISMAN

Special to The New York Times

WASHINGTON, July 22 — The White House disclosed today that Zbigniew Brzezinski, President Carter's national security adviser, had asked Billy Carter to set up a meeting with a representative of Libya last November to ask for Libyan assistance in freeing the American hostages in Iran.

In March of this year, the White House said further, Mr. Brzezinski learned from "an intelligence report" that the President's brother was attempting to assist an oil company in obtaining oil from Libya. He then "telephoned Billy Carter to advise him that he should not engage in any activity that could cause embarrassment to the Administration," the White House said in a two-page statement issued late this afternoon.

Investigation of Activities

The contacts between Billy Carter and Mr. Brzezinski took place at the same time the Justice Department was pursuing an investigation of whether Billy Carter had violated a Federal law by acting as an unregistered foreign agent for Libya.

The White House asserted today that, at a previously disclosed meeting between Billy Carter and Mr. Brzezinski last June 11, Billy Carter had asked if he could disclose to Federal investigators their in November meeting with the Libyan representative on Iran.

The June 11 meeting with Mr. Brzezinski took place the same day Billy Carter acknowledged to the Justice Department for the first time that he had received money from the Libyan Government. However, the White House again said today that Mr. Carter did not mention the payments to Mr. Brzezinski or to Lloyd N. Cutler, the White House counsel, with whom he also met.

The President's Statement

In a separate, two-paragraph statement today, President Carter for the first time directly criticized his brother for his activities in connection with Libya. He said:

"I do not believe it is appropriate for a close relative of the President to undertake any assignment on behalf of a foreign government. Facts relating to the existence of any such relationship should be fully and publicly disclosed."

"When my counsel informed me that according to my brother's attorneys he was considering whether to register under the Foreign Agents Registration Act and report his activities, I urged him to register and make a full disclosure. I note from the registration that he is not presently engaged in any activities on behalf of Libya and has no activities on its behalf under consideration."

Loans to President's Brother

The White House said today that the President and his brother spoke together July 1, but that it was not until July 14 that the President learned that his brother had, in fact, received \$220,000 from the Government of Libya. Billy Carter has characterized the payment as a loan; the Justice Department has said it represented compensation for "propaganda" work and service as a commercial intermediary.

The payments to Billy Carter were made at a time when the Libyan Government was pursuing wide-ranging efforts to secure political influence in the United States, senior intelligence officials said today. [Page A16.]

The White House statements today constituted the Administration's first lengthy, formal comment on the disclosures of recent days about Billy Carter's meetings or discussions with Presidential aides about Libya.

Billy Carter's registration as a paid agent of the Libyan Government, combined with subsequent questions about his contacts with the White House about Libya, have caused political embarrassment to the Carter Administration, and several Republican members of Congress have called for a Congressional investigation.

Until today, President Carter and Mr. Brzezinski maintained that Billy Carter's relations with Libyan officials, which date to September 1978, were his own affair and entirely separate from the White House or the State Department.

The Carter Administration's relations

with the Libyan Government have been strained because because of Libya's avowed support of anti-Israeli terrorist activities and because of the sacking of the American Embassy in Tripoli last December. There has been no American Ambassador in Tripoli for two years, and no formal representative since May.

Last September, the Justice Department said it was conducting an investigation of a possible bribery plot aimed at securing Carter Administration approval military aircraft sold to Libya but held in the United States because of the troubled relations.

Invitation by Brzezinski

Two months later, the White House disclosed today, Mr. Brzezinski called Billy Carter "to explore the possibility of seeking Libyan Government support in urging the release of the American hostages in Iran."

The meeting took place at the White House on Nov. 27, 1979, with Mr. Brzezinski, Mr. Carter and Ali el-Houdari, identified as the chief representative of the Libyan Government in the United States. The United States Embassy in Teheran had been seized the previous Nov. 4.

At a briefing today, Jody Powell, the White House spokesman, defended Mr. Brzezinski's calling Billy Carter at a time when the White House was publicly maintaining its independence from him, in part because of the Libya ties.

"At that time," Mr. Powell said, "we were engaged in exploring every possible avenue to obtain assistance in getting our people released."

'Cool' Relations With Libya

Mr. Brzezinski sought the aid of Billy Carter because of what Mr. Powell said was "the rather cool nature of the relationship" between the United States and Libya at that time. It was also reported that Mr. El-Houdari was close personally to Col. Muammar el-Qaddafi, the Libyan leader.

At Mr. Brzezinski's request, Mr. Powell said, Mr. el-Houdari asked Mr. Qaddafi to help. Mr. Qaddafi "indeed sent a message" to Ayatollah Ruhollah Khomeini "urging the release of the American hostages," Mr. Powell said.

Asked if the President had been informed of the November meeting, Mr. Powell said: "I assume that he was, either before or after."

The other contact between Mr. Brzezinski and the President's brother occurred last March, shortly after the national security adviser learned of "an intelligence report that Billy Carter was attempting to assist an oil company in obtaining an increased allocation of Libyan oil," the statement said. In disclosing his dealings with Libya last week, Billy Carter said that the Charter Oil Company had agreed to pay him a commission of up to 50 cents a barrel if he helped it obtain more Libyan oil.

No References to Payments

Mr. Powell would not disclose the nature of this intelligence report, but he said it contained no references to Billy Carter's receiving any payments from the Libyan Government. The report, he said, thus did not negate the assertion by Mr. Brzezinski and others at the White House that they had not learned of the

CONTINUED

payments until the period of July 11-14 this year.

Mr. Powell said Mr. Brzezinski recalled informing President Carter after he had given his advice to Billy Carter in March, but acknowledged it was possible he could have informed the President beforehand.

Many of Mr. Powell's comments today were directed at emphasizing that the White House had no knowledge of the Libyan payments to Billy Carter until the period of July 11-14, and that therefore no one at the White House could have informed Billy Carter earlier that the Justice Department had learned of the payments on June 2.

Within eight days of the Justice Department's discovery of the payments, and before he was formally notified of the finding, Billy Carter instructed a lawyer to call the Justice Department and arrange a meeting to check on the status of the investigation. The call led some Justice Department aides to suspect that someone had warned the President's brother about the discovery.

Today Mr. Powell said he had not interviewed "every soul" at the White House, but that, "to the best extent we have been able to determine," Billy Carter had not been informed about the Justice Department's finding by anyone in the White House.

Account by Billy Carter

Billy Carter said in an interview this evening that the White House statement was generally accurate. Responding to criticism by President Carter of his ties with Libya, he said, "I don't want to get into an argument with the White House.

I've been very careful not to say what I think about the President."

A conceivable way Billy Carter could have found out about the Justice Department's discovery, Mr. Powell acknowledged, was that Philip Wise, President Carter's appointments secretary, was interviewed by the Federal Bureau of Investigation on March 14 and June 4.

But Mr. Powell said neither Mr. Wise, nor his secretary, nor anyone in the White House counsel's office — all of whom knew of the F.B.I. interview — informed Billy Carter of its occurrence. Mr. Wise, a Carter family friend from Plains, Ga., declined to comment on the matter today.

The White House said that Mr. Cutler, the White House counsel, learned of the Libyan payments to Mr. Carter on July 11, not from the Justice Department, but from Billy Carter's lawyers, Steven J. Pollak and Henry Ruth of the Washington firm of Shea & Gardner.

In this evening's interview, Billy Carter discussed his role in the meeting on the Iran hostages, adding some details not disclosed by the White House.

He said that he was unsure that Mr. Brzezinski had the "authority" to involve him in matter, so before he arranged a meeting with the Libyans, he called Secretary of State Cyrus R. Vance to get his approval. He said Mr. Vance had no objection.

The President's brother said he drove to Washington from Georgia for the meeting, and sat in on only the initial phase of discussions. He said a second meeting between Mr. Brzezinski and the Libyan diplomat was arranged, but that he did not attend it.